

## Modern Slavery Statement

May 2021

### About ABN AMRO

ABN AMRO Bank N.V. is one of the Netherlands' leading banks, with over 19,000 ABN AMRO employees worldwide. We create value for our stakeholders by providing individuals and businesses with banking services such as loans, mortgages, payments, savings, advice and asset management. Our focus is on Northwest Europe. Outside the Netherlands, ABN AMRO has offices in 13 countries, among which in the United Kingdom and Australia. We fund our loans through savings and capital markets, and actively manage the risks associated with them. In return for our services, we receive interest, fees and commissions. We use our income to pay for our operating costs, reinvest in our business and distribute dividend to our investors. This Modern Slavery Statement has been issued to comply with ABN AMRO's obligations under the [UK Modern Slavery Act](#) and the [Australian Modern Slavery Act](#). It has been prepared in cooperation with all the bank's relevant business lines and support departments, including ABN AMRO's branches and subsidiaries in the United Kingdom and Australia.

Under this legislation, companies are obliged to provide information on the steps they have taken to address modern slavery risks in their own business operations and value chains. ABN AMRO may be exposed to modern slavery risks through the services it offers retail and business clients, through companies in its investment universe, through its employment practices and through suppliers of goods and services it procures. Of the different forms of modern slavery, ABN AMRO is predominantly exposed to risks of labour exploitation. We have therefore named labour rights – broadly defined – as one of the bank's salient human rights issues. The most recent update of our salient issues was performed in 2020, with extensive input from external stakeholders. This resulted in a Human Rights Risk Register – a comprehensive list of human rights risks ABN AMRO may be connected to. The Register helps us record and aggregate our observations about how our exposure to these risks develops, and to assess whether existing mitigation efforts could be made more effective. It is also used to inform the Executive Board about ABN AMRO's human rights risks.

At ABN AMRO we have a [Human Rights Statement](#) that sets out our commitment, responsibilities and expectations for ourselves and for our business relationships. This includes our clients, companies we invest in on behalf of clients, and our suppliers. It also describes the key activities we undertake to meet our responsibilities concerning all steps of the human rights due diligence process. Furthermore, ABN AMRO reports extensively on its efforts to address human rights risks. In 2016, ABN AMRO was the first financial institution in the world to publish a report based on the reporting framework of the UN Guiding Principles on Business and Human Rights (UNGPs). The UNGPs are the authoritative global standard on business respect for human rights. In its [2016](#), [2018](#) and [2020](#) Human Rights Reports and in the [2017](#) and [2019](#) interim updates, the bank explains in detail its human rights governance, policy framework and due diligence processes. The most recently published 2020 Human Rights Report has received assurance from our accountant EY.

This Modern Slavery Statement builds on the Human Rights Statement and our Human Rights Reports, with more specific information on our efforts to address modern slavery risks.

## Exposure through our retail clients

Perpetrators and victims of modern slavery may have personal or business bank accounts with ABN AMRO, or use our financial products and services. As banking becomes increasingly digital, data analytics is a very important tool to identify signs of modern slavery. Often, modern slavery takes place behind the facade of legitimate business conduct. All banks have infrastructure in place to detect signs of financial crime, but the indicators of modern slavery are not necessarily similar to those of money laundering or terrorism financing. Potential indicators are not only numerous, they also depend on the local context and evolve over time.

Since 2015, ABN AMRO has been working on [a project with the Inspectorate of the Dutch Ministry of Social Affairs and Employment \(Inspectorate SZW\) and the University of Amsterdam \(UvA\)](#), with the aim of sharing knowledge to identify modern slavery. This initiative has evolved into an official public private partnership (as part of the Dutch Financial Expertise Centre (FEC) agenda) in which the strengths and capabilities of public and private partners are combined to fight labour exploitation. With our partners, we deconstruct cases that have been prosecuted successfully to see whether, in hindsight, there were financial indicators. So far, we have identified 26 indicators. Specialist teams in our Security & Integrity Management Department as well as our Detecting Financial Crime department use search queries to look for possible red flags associated with this crime in our banking data. The geographical scope is limited to the Netherlands where ABN AMRO has retail banking activities. If we identify a sign that might point to modern slavery, we conduct additional open-source intelligence research and report any unusual transactions to the Financial Intelligence Unit (FIU), an independent authority which is also a member of the newly established FEC-project. The FIU assesses whether the investigating authorities, such as the police or the Inspectorate SZW, should take action. Searching for unusual transactions and reporting them to the FIU is common practice for any bank. But in this project our focus is on potential victims as our search parameters include indicators of labour exploitation. Since the project's launch, we have identified multiple potential cases. The project is also mentioned in the report of the [Financial Sector Commission on Modern Slavery and Human Trafficking](#) published in September 2019. This report provides a rich analysis and detailed recommendations on possible actions for financial institutions.<sup>1</sup> ABN AMRO's Chief Risk Officer was a member of the commission.

Besides the above-mentioned FEC project, we are a participant in the COMCRIM initiative, which is being led by the University of Amsterdam. COMCRIM is aimed at COMbatting CRIMes that undermine the rule of law in a smart and comprehensive manner, through the use of complexity science and in a financial public-private partnership – with a focus on human trafficking, money laundering and corruption. Although this project is still in an initial phase, we are confident that we can add value, as well as learn from the partners involved.

## Exposure through our business clients

All our business clients, which range from small or medium-sized enterprises to large corporates, are subject to our Know Your Client (KYC) screening process. This takes place at the moment of client acceptance and periodically throughout our relationship with the client. In line with our policy we perform checks on modern slavery in these client due diligence processes. The first check that relates to modern slavery is verification that the company's activities are not in conflict with our [Exclusion List](#). ABN AMRO will not knowingly provide financial products or services that directly facilitate activities causing adverse human rights impacts. In 2021, we added a criterion to address specific risks

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<sup>1</sup> *Unlocking Potential: A Blueprint for Mobilizing Finance Against Modern Slavery and Human Trafficking* (United Nations University Centre for Policy Research: New York, September 2019).

around exploitation of migrant workers by labour agencies.

The second check in our KYC process that relates to modern slavery begins with categorisation of so-called sensitive sectors. These are:

- Agricultural commodities
- Agriculture and horticulture
- Animal protein and aquaculture
- Fisheries and wild-caught animals
- Metals and minerals
- Electronic components and electronics products
- Textiles, clothing and leather
- Construction
- Shipping
- Freight transport by road
- Hotels and holiday parks
- Human resources
- Sex industry

If a prospect or client is active in one of the above sectors, we will perform enhanced due diligence on that sector's most salient sustainability risks. Depending on the case, companies may be asked, for example, whether the recruitment agencies they work with are certified. The client review process is repeated periodically.

For corporate clients with whom ABN AMRO has a lending relationship above a 1 million-euro exposure, our policy provides for an additional due diligence process that coincides with the credit assessment and review. The robustness of this due diligence process depends on the sustainability risk level of the client in question. Based on the client's sector of operations, an additional set of [sector requirements](#) apply. These requirements are tailored to the salient risks in a particular sector. Many of these sector requirements address modern slavery. Access to effective grievance mechanisms and remediation is also part of the policy requirements and our policy demands that if a company does not comply with our requirements, we work towards compliance through an engagement procedure or end the relationship as a last resort.

ABN AMRO is an Equator Principles (EP) bank – its project financing activities are assessed according to the EP standards, which were updated in 2020 to include stricter human rights requirements for projects related to financing. In addition to the EPs, we also seek alignment with the UN Guiding Principles on Business and Human Rights in other financial sector platforms or sectors in which we are active, including the Principles for Responsible Banking.

### **Exposure through our investment services**

Our clients use ABN AMRO's investment services to invest in shares or corporate bonds. They can invest in three ways: on their own (self-directed investing or execution-only), based on our experts' advice (investing with advice), or by leaving all investment decisions to the bank (giving ABN AMRO a mandate). ABN AMRO's ability to influence its clients' decision-making varies among these roles. Whatever the role, at the very least we want to be able to inform our clients on whether the companies they are looking to invest in conduct business in a responsible way. Given the scope of ABN AMRO's investment universe, we use an external provider of environmental, social and governance (ESG) research, Sustainalytics, as

our main source of information. Companies are assessed on a quarterly basis, resulting in an indicator ranging from 'excellent' to 'poor'. We draw our clients' attention to this indicator – passively, by including it in ABN AMRO's financial analysis, but also actively, through recommendations by our investment advisors. If it is determined that a company is not compliant with the principles of the [UN Global Compact](#), we start an engagement procedure. If the company fails to improve its performance in due time, it can be placed on ABN AMRO's Investment Exclusion List, in which case we will discontinue research on the company and will not provide advice about the company. Besides incident-related engagement, we also do proactive thematic engagement, in collaboration with Federated Hermes EOS. One of the engagement themes is 'human rights, including labour rights'.

ABN AMRO is a member of the Platform Living Wage Financials (PLWF), a coalition of Dutch financial institutions that focuses on listed companies in the garment and footwear, food retail and food & agri sectors. PLWF has developed a unique assessment methodology to determine whether a company has satisfactory policies and procedures in place to evaluate whether its suppliers are paying a living wage and, if not, what steps it takes to encourage its suppliers to do so. Payment of a living wage is an important human rights issue in itself that reduces people's vulnerability to modern slavery. Assessments are carried out by members of PLWF based on information in the public domain. If necessary, additional information is requested from the companies in scope.

#### **Exposure through our employment practices**

In October 2015, [ABN AMRO signed an International Framework Agreement \(IFA\)](#) with the Dutch trade union federation FNV and UNI Global Union. The IFA covers a broad range of labour rights, including the right to free choice of employment, freedom of association and collective bargaining. It expresses our commitment to these rights for 'all workers producing products or services for ABN AMRO, whether or not they are employees of ABN AMRO. This is a broad and ambitious scope, which covers all of the bank's subsidiaries as well as its outsourced services and procured goods. The parties to the IFA meet annually to discuss progress. The IFA also allows for grievances to be filed on non-compliance with the standards.

#### **Exposure through our suppliers**

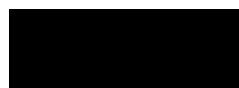
The IFA also covers the bank's procurement activities. ABN AMRO expects its suppliers to conduct their business activities in a way that respects people throughout their entire value chain. [Our Code of Conduct](#) requires suppliers to have a comprehensive labour policy in place that covers their own operations as well as subcontracted work. This is usually a contractual commitment. The Global Sustainable Enterprise System (GSES) helps ABN AMRO to gain insight into its suppliers' sustainability policies. We expect our suppliers to adhere to their sustainable choices and policies with a sustainability verification report. Suitable applicable reports are reports from GSES, MVO Register, Ecovadis or Sustainalytics. The report provided by the supplier will be used to determine a sustainability score in GSES.

ABN AMRO welcomes feedback on its human rights programme via [humanrights@nl.abnamro.com](mailto:humanrights@nl.abnamro.com).

This statement was approved by the Executive Board of ABN AMRO Bank N.V on 31 May 2021.



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